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Backshop Buys Capmark's DealCentral Loan Origination Platform

Friday, June 08, 2007

Commercial Real Estate Direct Staff Report

Backshop Inc. has purchased the DealCentral loan origination system from Capmark Financial.

The acquisition gives the Sausalito, Calif., company, which was a relative late-comer to the sector, additional market share by virtue of DealCentral's four clients. More importantly, however, it has structured a deal to have Capmark, a Horsham, Pa., lender and investment manager, gradually adopt the Backshop platform for its originations.

Ironically, Capmark had not been using the DealCentral platform while it owned it. Instead, its lending operation, which last year securitized \$3.6 billion of mortgages, funneled the processing of those loans through several systems it had created.

Capmark will initially adopt Backshop for its securitization functions. The thinking is that over time, Capmark will migrate its originations, then asset management and servicing operations to the system.

Backshop's core platform is a sophisticated web-based tool that allows lenders to manage a loan origination from application to securitization. The platform also contains an integrated lease and credit analysis module that allows underwriters to analyze the amount of cash flow a property would generate over the course of a mortgage's term.

The four clients that Backshop is getting with DealCentral are Genworth Financial, CIBC World Markets, SunTrust and Crown Northcorp, giving it some 20 clients in total.

Backshop is now one of only four players that market origination systems to the commercial mortgage sector. Its three competitors are: [Rockport Group of New York](#), which was founded last year by Rick Trepp, who previously had founded Trepp LLC, a widely used CMBS analytics system; Capital Stream, which three years ago [acquired what was arguably the industry's grand-daddy](#), CapitalThinking, and North Shore Systems of Costa Mesa, Calif.

DealCentral was started by what was then known as MortgageRamp, which was formed at the peak of the dot-com boom by the former GMAC Commercial Mortgage. It aimed to revolutionize the lending world by serving as a sort of online mortgage broker, matching lenders with prospective borrowers. If the plan didn't have plenty of promise, it sure had plenty of fans, given the capital GMAC was able to raise from prominent players.

Some [\\$50 million was ponied up by nine investors](#), including some prominent lenders, such as Bank of America, Deutsche Bank and Fannie Mae, as well as rating agencies Moody's Investors Service and Standard & Poor's. [Fitch Ratings eventually ponied up \\$1.75 million](#) for a piece of the company.

But over time, its original plan became unworkable and after the dot-com sector fizzled, it changed into a purveyor of mortgage origination software. It also put together an extensive network of contractors with experience in providing a variety of real estate due diligence and underwriting services.

Capmark [two years ago sold the contracting business to OfficeTiger](#) and last year put its remaining asset up for sale. By then, it had been integrated into the EnableUs operation, the former McCracken Financial Software, which developed a widely used loan servicing platform.

Backshop, which acquired only the loan-origination platform of EnableUs, is a relative newcomer to the sector. The company's predecessor was an active due diligence contractor and developed a Web-based platform to facilitate the management of loans from application to securitization. The company was founded by Jim Flaherty, its president. *Comments? E-mail [Orest Mandzy](mailto:Orest.Mandzy) or call him at (215) 504-2860, Ext. 211.*

